



**For Immediate Release**

**March 15, 2011**

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## **Overstock Tells Runner It Will Terminate Affiliates Too**

Board of Equalization Member Senator George Runner today released a [letter](#) from Overstock.com indicating that it will terminate its California affiliates should pending affiliate nexus tax legislation become law.

"This issue is much, much bigger than one company," said Runner. "A law requiring out-of-state retailers to collect sales tax from California consumers could force thousands of online retailers to terminate their relationships with California-based affiliate businesses. This hurts California jobs and revenues."

In his letter, Mark J. Griffin, general counsel for Overstock.com, writes that his company has terminated affiliate relationships "in every state where this legislation has passed" and "will do so in California."

According to Griffin, in 2009 Overstock terminated 3,200 California affiliates after the Legislature passed a similar measure. When the legislation was vetoed by the governor, Overstock attempted to reinstate those affiliates with marginal success. Griffin estimates the current number of Overstock affiliates in California is approximately 600.

George Runner is contacting leading online retailers with California-based affiliates in an effort to quantify the potential impact their response to an affiliate nexus law could have on jobs and revenues.

Runner said, "Taxes have consequences. Too often we assume companies and individuals will keep acting the same after new tax laws are passed. That is simply false. Businesses change their behavior as tax laws change."

"Supporters of this proposed policy claim that they want to create a level playing field for businesses that have retail presence in California and are required to collect sales tax. Unfortunately, none of the bills under consideration will level the playing field because out-of-state online retailers will simply modify their business model to avoid collecting California's sales tax."

Runner added, "There are 25,000 Internet affiliates in California who are at risk of being wiped out by this attempted sales tax grab. This law will kill jobs and cost the state revenue as these individuals and businesses close up shop in California."

Runner also received a [letter](#) from Amazon.com on February 24 notifying the State Board of Equalization that it will terminate its 10,000 affiliates in California if tax policies are changed to require out-of-state retailers to collect California's sales tax.

Elected in November 2010, Senator George Runner represents more than 9 million Californians as a member of the Board of Equalization. For more information, visit [www.boe.ca.gov/Runner](http://www.boe.ca.gov/Runner).

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